



## State of Play January 2009

### Introduction

The feature article of this State-of-Play of the Commission's co-operation programme with Iraq is a summary of the external evaluation of the International Reconstruction Fund Facility for Iraq (IRFFI). This edition of the State of Play also sets out the elections and referenda scheduled to take place in 2009 in Iraq. As part of EC efforts to enhance democracy in Iraq, significant EC assistance has been provided to election-related activities. Information is also given on the final reports of the EuropeAid verification missions, which were carried out on UN programmes in Iraq. Furthermore, additional details are provided on the 2008 Assistance Programme, now under implementation. Lastly, an updated overview is presented of the €33.1 million support package provided by the Commission since 2003.

### 1. IRFFI: Multi Donor Stocktaking Review

The IRFFI Donor Committee launched an external evaluation (Multi-Donor Stocktaking review) of the IRFFI in order to assess the quality, and impact, of the extensive work undertaken so far by the Multi-Donor Trust Fund for Iraq.

This independent review was carried out in 2008, by a Norwegian consultancy, Scanteam. The methodology focused on the performance of individual IRFFI projects, where a representative sampling of 17 projects was chosen from the IRFFI portfolio, four from the World Bank ITF and 13 from the UNDG ITF. The projects chosen for this sample comprise approximately 30% of the IRFFI portfolio in value and 10% in number, and include a cross-section of the different sectors where the IRFFI has been active.

Projects were assessed according to international standards and using OECD Development Assistance Committee (DAC) performance indicators for efficiency, effectiveness, value-for-money and national ownership. A field study conducted by independent consultants, together with document reviews and stakeholder interviews, formed the basis of the research.

The review found that the IRFFI was set up in a timely manner and "made significant achievements during its start up phase". It was "an effective mechanism for mobilising both financial resources and broad-based international support for recovery". The two IRFFI windows (UNDG ITF and WB ITF) were quickly operational as they were able to draw on existing programme and administrative systems.

The review also notes that the IRFFI has faced unprecedented and unanticipated challenges. Confronted with a high intensity conflict and extreme security conditions, the IRFFI was faced with a country which had, in addition, accumulated two decades of violence and sanctions. Project implementation and coordination between the UNDG ITF and the WB ITF were greatly affected by this particularly challenging environment. In this difficult context, without the IRFFI, many donors would have been prevented from assisting in the reconstruction effort, due to the high operational risk, high transaction costs, limited capacity, knowledge and experience in the country.

The review showed that most of the 17 projects made "a real and meaningful impact on the lives of beneficiaries". The IRFFI displayed a "high activity level despite poor field conditions", "broad and complementary portfolios", "effective support to capacity development in Iraqi institutions" and "a high level of transparency and risk reduction". "The delivery of tangible physical goods" contributed to normalising conditions and improving the lives of beneficiaries, notably in the sectors of education (construction and rehabilitation of schools), healthcare and infrastructure projects.

However, while the level of transparency was good, the completion of the majority of IRFFI projects was delayed, and all projects reviewed underwent a change to their objectives, including sometimes a reduction in scope. This was partly due to difficult field conditions but, in a few cases, also to deficiencies in planning.

Despite the significant amount of narrative information made available by IRFFI administrators, the review notes that reporting was "focused on the technical dimension of activities and outputs". The reports did not include a critical analysis of project implementation and the information was "not readily



accessible to stakeholders as knowledge about the situation" or about "IRFFI performance". The review also points out that some information sources, like the IRFFI website, which provide a substantial amount of information, were not sufficiently used by donors.

The Government of Iraq (GoI) was not in a position to fully exercise ownership of the IRFFI, due to its own limitations. However, there was evidence that the IRFFI served as a strong point of engagement between the International Community, the GoI and the Iraqi people.

In conclusion, the evaluators note that in a high risk situation, in which direct programming and implementation was physically difficult for most donors, the IRFFI was a pragmatic response and provided a platform for dialogue, collaboration and for shifting the focus of international efforts to the recovery and reconstruction of the country, with positive results for a large majority of the projects.

## 2. Elections & referenda in 2009

This year is marked by an impressive number of elections and referenda set to take place in Iraq. The following is a list of those elections and referenda foreseen in 2009 and 2010:

- Provincial elections (14 Governorates): 31/01/09
- Municipal elections (constitutionally, within 6 months of provincial elections)
- Kurdistan: Regional, Provincial (3 Governorates) and Municipal elections
- SOFA (Status of Forces Agreement with international forces) referendum - July 2009
- National Legislative elections – probably in December 2009 / January 2010

Further elections/referenda are also possible:

- Referendum on the status of Kirkuk
- Provincial elections in Kirkuk governorate
- Referendum on Constitutional amendments
- Referendum on Kurdistan Constitution
- Referendum on the status of Basra and / or other southern governorates.

## 3. EC Verification Missions

During 2007, the EC undertook eight verification missions to UN Headquarters in order to assess the management of EC-funded programmes in Iraq. Five of these missions concern the UNDG ITF, and three the UNDP Thematic Trust Fund (UNDG TTF) for Crisis Prevention and Recovery, to which the EC contributed in 2003. The final reports of findings of the verification missions are now available. This enables the EC to acquire a better understanding of the organisation's system of accountability and the adequacy of information supporting the implementation of the projects.

In relation to the UNDP TTF, the missions identified a small number of points. These include revisions of the contractual reporting format of projects without prior consultation with the Commission. The verification missions also recalled that bank interest received by UN agencies must, under all circumstances, be reported to the Commission.

As regards the verification missions focused on five UNDG ITF programmes, no relevant findings were raised for these programmes. The mission raised the issue of the reporting system in Multi-Donor Trust Funds, where one UN agency takes the lead in overall project management but actual project implementation is carried out by 'sister' UN agencies. In such cases, improved reporting by UN implementing agencies is necessary. The mission recommends that all implementing agencies should include systematic checks of their own reports before submitting them to the lead agency. Thereafter, either the lead agency should carry out sample checks on the reports provided, or donors should be informed that no such checks have been performed and that the full responsibility relies on the implementing agency.

The EC also visited World Bank Headquarters to verify the management of World Bank ITF programmes in Iraq in 2007. These missions drew positive conclusions, in particular confirming that the systems of financial accountability and traceability put in place by the WB are adequate. In addition to these verification missions, the WB Iraq Trust Fund was also audited by external auditors from 2004 to 2007, all of them without any relevant findings.



#### 4. Assistance Programme for 2008 under DCI

The Special Measure for Iraq in 2008 under the Development Cooperation Instrument (DCI), amounting to **€72.6 million**, was approved by the Commission in December last. Given the improved security situation in Iraq and the decision of the Donor Committee to gradually wind down IRFFI's operations, the EC is now gradually shifting to more bilateral cooperation.

The **overall objectives** of the assistance package are to strengthen the capacity of Iraqi institutions, and to improve the quality of life of the population.

These objectives are in support of the priorities put forward by the Government of Iraq and its international partners. Given the importance of oil revenues, Iraq now possesses considerable financial resources of its own. Most Iraqi institutions, however, still have limited management capacities and lack the structures to implement their investment programmes. Building the capacity of Iraqi institutions is, therefore, a key priority of present international cooperation, including EC support.

The Iraq 2008 Special Measure **comprises eight programmes**. These are:

##### **1. Technical Assistance to Iraqi institutions**

The overall objective of this programme is to assist in building the capacity of specific Iraqi institutions, with a view to establishing a modern Iraqi administration, based on the principles of democracy, good governance and accountability. With a budget of €10.6 million this programme will provide technical assistance to specific Iraqi institutions such as the Council of Representatives and the Higher Institute of the Ministry of Interior. This will be the first bilateral project between the EC and the Government of Iraq and is foreseen to start its implementation at the end of 2009.

##### **2. Support to specialised medical services**

This programme, to be implemented by the WHO in close collaboration with the Iraqi Ministry of Health, has an envelope of €13 million. It seeks to improve the functioning of the national and regional blood bank services to ensure the availability of blood products and reduce transmission of communicable diseases through blood transfusion. Support will also be provided to Emergency Medical Services in improving pre-hospital services, such as ambulance

care, and in-hospital emergency services and long-term care and mental health support.

##### **3. Enhanced and sustained water and sanitation services in Iraq**

This intervention, to be implemented by UNICEF, will contribute to enhanced services and increased Government capacity to better manage the water and sanitation sectors. Specific objectives include the improvement of access to water in rural areas, the improvement of wastewater treatment systems in crowded agglomerations, and the improvement of planning capacities at governorate level. The programme has a proposed budget of €7 million.

##### ***Five programmes in support of Iraq's displaced***

Up to 5 million Iraqi refugees and IDPs (Internally Displaced Persons) are estimated to be currently displaced from their homes. This figure includes over 2 million refugees, most of whom have fled to neighbouring Syria and Jordan, and about 2.8 million IDPs within Iraq.

The Commission has prepared a report detailing the EC's intervention in support of Iraq's refugees and IDPs. This report is now available at EuropeAid Iraq website: [http://ec.europa.eu/europeaid/where/gulf-region/country-cooperation/iraq/iraq\\_en.htm](http://ec.europa.eu/europeaid/where/gulf-region/country-cooperation/iraq/iraq_en.htm)

As part of the 2008 Assistant Programme, an amount of €42 million is set aside in support of refugees and IDPs. It concerns five programmes:

##### **4. Support to the return and reintegration of returnees and IDPs within Iraq**

With an allocation of €6 million, this programme, to be implemented by UNHCR, aims to create a protective environment for returnees and IDPs in Iraq, and facilitate their search for durable solutions.. The programme will focus on: the provision of safe and adequate minimum standard of accommodation to vulnerable returnees and IDP families; ensuring returnees, IDPs and community members have access to a sustainable supply of safe drinking water and sanitation facilities; and addressing protection needs of IDPs and returnees through Protection and Assistance Centres and mobile teams.

The large influx of refugees in Syria and Jordan has placed a considerable strain on the economy and infrastructure of these neighbouring countries. The EC will continue to support Syria and Jordan in coping with Iraqi refugees, focusing again on the provision of basic services. The aim of EC support in both countries is to strengthen existing structures



in the host countries without recourse to the creation of parallel structures.

**5. Water loss reduction programme in Zarqa, Jordan.** This programme, with a budget of €12 million, will be implemented through a financing agreement between the EC and the Jordanian authorities. It will help Jordan to manage scarce water resources in the region of Zarqa, where there is a large concentration of Iraqi refugees. This should contribute to efficient and demand-driven sustainable management of existing water resources in the Zarqa area. Emphasis will be given to infrastructure rehabilitation that reduces water losses in the network.

#### 6. Emergency support to Syrian education sector

This programme has an envelope of €10 million and will be implemented according to a financing agreement between the EC and the Syrian authorities. It will support the Syrian public authorities in coping with the financial and physical strain caused in the education sector by the large influx of Iraqi refugees. The programme will help the Government in facing the increased salary cost of education staff in schools with a high concentration of Iraqi children.

#### 7. EC support II to education in Syria

With a budget of €4 million, this programme, to be implemented by UNICEF, will contribute to expanding the absorption capacity and improving the quality of primary and secondary education for Iraqi and Syrian children in Syria. The programme aims also to increase the enrolment of Iraqi refugee children and to promote learning opportunities for out of school children. This is the second phase of a programme funded by the EC.

#### 8. Support to Syria's solid waste and medical waste management

This programme has a budget of €10 million and will be implemented through a financing agreement between the EC and the Syrian authorities. It will provide critical equipment and support to improve solid waste and medical waste management services in response to the rapidly increasing demand in areas where there is a high concentration of Iraqi refugees. Support will also go to the training of municipal and medical facilities' staff in waste management.

Apart from the Special Measure for Iraq detailed above, a proposal financed by the European Instrument for Democracy and Human Rights (EIDHR) was also approved in December and will

be implemented in Iraq from 2009 onwards. This project aims at: building the capacity of Iraqi civil society organisations; and improving the awareness of, and enhancing the respect for, human rights.

### 5. Background overview of EC support 2003- 2007

EC support to Iraq from 2003 to the end of 2008 amounted to €33.1 million. This includes reconstruction support, amounting to €785.3 million and managed by EuropeAid and RELEX, and humanitarian assistance, managed by ECHO. All assistance was given in the form of grants.

**Table 1: EC support to Iraq**

	AIDCO	RELEX	Total	ECHO	Total
2003	34.0	8.0	42.0	100.0	142.0
2004	162.5	14.0	176.5	-	176.5
2005	200.0	-	200.0	-	200.0
2006	200.0	-	200.0	-	200.0
2007	89.7	3.0	92.7	17.8	110.5
2008	72.6	1.5	74.1	30.0	104.1
Total	758.8	26.5	785.3	147.8	933.1

*\*All figures in € million.*

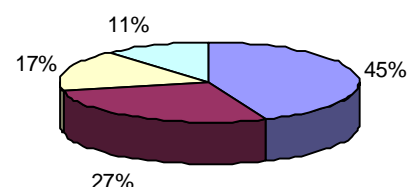
*AIDCO: EuropeAid Cooperation Office*

*RELEX: External Relations Directorate-General*

*ECHO: Humanitarian Aid Directorate-General*

The pie chart shown below illustrates the main categories into which EC reconstruction support is divided. In line with the main objective of EC aid to Iraq, almost half of the aid has been allocated to the development of basic services and almost one quarter has been used in Human Development sectors. The balance has been attributed to electoral support and institutional capacity building.

**EC Aid Distribution by Main Category**



Basic Services	Human Development
Political Process	Capacity building





**Basic Services:** Education, Health, Infrastructure, Water & Sanitation.

**Human Development:** Agriculture, Rural Development, Poverty Reduction, Land Mine Action, Durable Solutions for Refugees.

**Political Process:** Elections, Constitutional Process.

**Capacity Building:** Civil Society, Human Rights, Trade & Customs, Technical Assistance, Justice & Rule of Law.

increasing capacity for dialogue and leadership of the Government of Iraq in the reconstruction efforts. At the 7<sup>th</sup> IRRFI Donor committee meeting in July 2008, donors agreed to a cut-off date for further contributions to the IRFFI by the end of 2009. This is in line with the current IRFFI mandate, which runs until the end of 2010.

A total of **25 donors** have contributed to the IRFFI, for a total of US\$ 1 834.6 million as of end of June 2008. The total EC commitment to the IRFFI was €605 million or \$772 (\$591.79 to the UN ITF and \$179.74 to the WB ITF) or 42.05% of all commitments to the IRFFI.

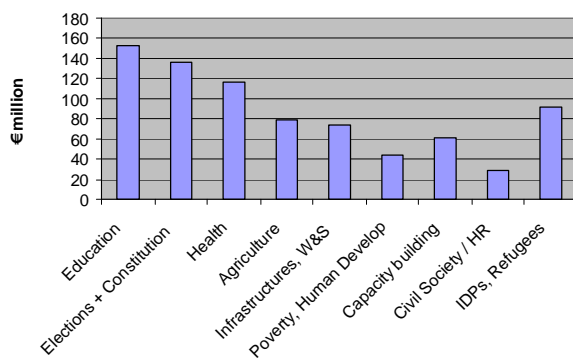
In addition to the multilateral aid channelled through the IRFFI, a number of bilateral actions have been undertaken to-date. These include among others:

**Human Rights - €2.6 million:** In 2005 a project was agreed with UNDP providing critical support, including training, to civil society development in Iraq in the field of Human Rights. The project reinforced a network of civil society organisations working in the monitoring of the conditions of detention in prisons, and provided funding for the rehabilitation of victims of torture. The project is now completed and its valuable work is being followed up as a component of the 2007 Rule of Law programme described below.

**Rule of Law:** In 2007 the EC provided funding for a €4 million Rule of Law and Justice programme to be implemented by UNDP. Strengthening the rule of law is a priority for the Government of Iraq and central to creating conditions for national reconciliation and reconstruction.

The programme provides technical assistance to several institutions of the highest importance to the rule of law sector (e.g. Iraqi Bar Association, Judicial Training Institute, Ministry of Justice). The programme will also seek to improve the administrative procedures in a few chosen Model Courts, for later application to the other courts in the country. It also contributes to the development of the different Civil Society Organisations active in the field of human rights, particularly targeting physical and psychological rehabilitation of torture victims and the development of a prison monitoring network.

EC Total Aid per Sector\*



\* excluding Humanitarian Aid, managed by ECHO.

To enhance aid effectiveness, sustainability and Iraqi ownership, programming for EC Assistance to Iraq is in line with the objectives of the **International Compact with Iraq** and the **Iraqi National Development Strategy**.

From 2004-2007 EC support has principally been channelled through the **IRFFI – the International Reconstruction Fund Facility for Iraq**, a multilateral mechanism established in 2004. The IRFFI consists of two distinct trust funds, working independently but in a coordinated way: the **United Nations Development Group Iraq Trust Fund (UNDG ITF)** and the **World Bank Iraq Trust Fund (WB ITF)**.

Channelling funds through the IRFFI has had considerable advantages in a period where reconstruction work in Iraq was extremely difficult. It has allowed the International community combine their efforts through a common strategy and action channel. Working through the IRFFI has enabled the EC to acquire knowledge which is invaluable for future EC activities in Iraq.

From 2007 onwards, this approach is being replaced by more bilateral actions, in recognition of the

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## Channeling of EC funds

Year	Reconstruction aid (managed by AIDCO & RELEX)						Humanitarian aid (managed by ECHO)		Total €M
	UNDG ITF		WB ITF		Bilateral		Bilateral		
	€M	%	€M	%	€M	%	€M	%	€M
2003	39,0	27%	3,0	2%		0%	100,0	70%	142,0
2004	95,0	54%	80,0	45%	1,5	1%		0%	176,5
2005	154,1	77%	40,0	20%	5,9	3%		0%	200,0
2006	187,5	94%		0%	12,5	6%		0%	200,0
2007	20,0	18%	20,0	18%	52,7	48%	17,8	16%	110,5
2008*		0%		0%	74,1	79%	30,0	21%	104,1
<b>Total</b>	<b>495,6</b>	<b>60%</b>	<b>143,0</b>	<b>17%</b>	<b>146,7</b>	<b>9%</b>	<b>147,8</b>	<b>14%</b>	<b>933,1</b>

Figures in € millions

UNDG ITF: includes the UNDG Iraq Trust Fund and UNDP Thematic Trust Fund for Crisis Prevention and Recovery (in 2003)

WB ITF: World Bank Iraq Trust Fund

You can find more information on the EC support to Iraq in our website:

[http://ec.europa.eu/europeaid/where/gulf-region/country-cooperation/iraq/iraq\\_en.htm](http://ec.europa.eu/europeaid/where/gulf-region/country-cooperation/iraq/iraq_en.htm)